

Message Text

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ACTION EUR-12

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TAGS: EIND EQUIP ECON BEXP IT
SUBJECT: PROFITS IN ITALY: TWO AMERICAN COMPANIES

1. DESPITE EVER PRESENT GLOOM OVER FUTURE OF ITALIAN
ECOMOMY, AT LEAST TWO AMERICAN COMPANIES HERE IN MILAN
THINK THEY CAN STILL MAKE A BUCK IN ITALY. IBM ITALIA
WHICH HAS BIGGEST SHARE OF ITALY'S DATA PROCESSING
MARKET, AND ITALIAN SUBSIDIARY OF BIG US PUMP
MANUFACTURER WORTHINGTON, INC. JUST ANNOUNCED PLANS TO
INVEST SUBSTANTIAL SUMS OF NEW MONEY.

2. IBM WILL ADD ON TO OLD PLANTS AND HIRE MORE WORKERS.
SIGNIFICANT EXPANSION OF CAPACITY AT ITS VIMERCATE
(MILAN) AND POMEZIA (NEAR ROME) PLANTS WILL COST \$30
MILLION AND WILL PERMIT INCREASED PRODUCTION OF SMALL
AND MEDIUM SIZED COMPUTERS DESTINED FOR TIALIAN AND
OTHER MARKETS. COMPANY HAS PROMISED UNIONS THAT PROGRAM
WILL CREATE 1,350 NEW JOBS AND SUCCEDED IN GETTING
THEIR AGREEMENT FOR DEPARTURE FROM IRON CLAD ITALIAN
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HIRING RULES TO PERMIT IT TO HANDPICK NEW EMPLOYEES
RATHER THAN TAKING THEM IN ORDER OF REGULATION FROM
STATE EMPLOYMENT OFFICE.

3. IBM OFFICIAL TOLD US THAT EXPANSION PLAN IS
EMBLEMATIC OF ITS PROGRESS IN COMPETING IN COST AND
PRODUCTIVITY WITH OTHER IBM MANUFACTURING SUBSIDIARIES

FOR COMPUTER SALES IN ITALY AND 90 OTHER NATIONAL MARKETS.

4. WITH REGARD TO ITALIAN MARKET WE WERE TOLD THAT, ALTHOUGH NEW CAPITAL INVESTMENTS HERE ARE GENERALLY LAGGING, MANY COMPANIES ARE BUYING SMALLER COMPUTERS BECAUSE THEY RECOGNIZE THE NEED TO STREAMLINE THEIR OWN INTERNAL PROCEDURES AND MOVE TO A SYSTEMS APPROACH FOR INFORMATION HANDLING. ABILITY TO MAKE LABOR SAVING IS ALSO HIGHLY ATTRACTIVE BECAUSE OF CURRENT LABOR CONDITONS. AS A RESULT IBM AND MOST OF THE INFORMATION SECTOR IS BOOMING HERE AND SALES OF SMALLER COMPUTERS ARE INCREASING AT AN OVERALL 30 PERCENT ANNUAL RATE.

5. PUMP SALES OF WORTHINGTONS ITALIAN OPERATIONS ALSO HAVE BEEN GOOD - SO GOOD, IN FACT, THAT WORTHINGTON HAS DECIDED TO PICK UP ANOTHER 4.5 PERCENT OF ITS PARTLY OWNED SUBSIDIARY'S OUTSTANDING CAPITAL. COMPANY WILL PAY ABOUT ONE MILLION DOLLARS FOR NEW SHARES. WORTHINGTON, INC. CHAIRMAN TOLD US THAT DECISION WAS IN RESPONSE TO COMPANY'S GREAT CONFIDENCE IN ITS ABILITY TO MAKE MONEY IN ITALY. WORTHINGTON ITALIA HAS IN FACT BEEN TURNING HANDSOME PROFIT.

6. IBM AND WORTHINGTON ANNOUNCEMENTS ARE ESPECIALLY NOTEWORTHY AT A TIME WHEN PREOCCUPATION OVER THE ITALIAN LIMITED OFFICIAL USE

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ECONOMY RUNS HIGH. SINCE LABOR DIFFICULTIES ARE GENERALLY ON THE TOP OF EVERYONE'S LIST OF PROBLEMS, IBM WILLINGNESS TO PICK UP ANOTHER 1,350 WORKERS CAN ONLY BE SEEN AS A BIG SHOW OF CONFIDENCE IN COMPANY'S FUTURE IN ITALY. AS FOR WORTHINGTON, BOARD CHAIRMAN TOLD US HE THOUGHT ITALIAN ECONOMIC CRISIS WAS EXAGGERATED. AND HIS COMPANY WAS WILLING TO BACK UP THAT VIEW WITH ABOUT A MILLION DOLLARS.FINA

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